

**Adams, Bill**

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**From:** Dan Silver [danieljsilver@msn.com]  
**Sent:** Monday, April 29, 2013 11:15 AM  
**To:** Adams, Bill; Sheldrake, Beth; Grandinetti, Cami; Steiner-Riley, Cara; Albright, Rick  
**Subject:** BlackRock Scenarios  
**Attachments:** BR Analysis 4-25-13.pptx

Hello, all,

Last week I received the scenarios from Black Rock that I asked them to prepare, based on our meeting earlier this month. As you will see, the analysis is straightforward for the three scenarios. The \$10m base case (Scenario A) is primarily a reference case, insofar as it does not seem likely we will return to that level of spending. The realistic choice for your strategy would seem to be between Scenarios B and C [or a new scenario D.]

A few things to note about the analysis:

- It is forward looking from the time the projections were run; that is, the analysis begins at \$485m.
- The Trust is now distributed among 7 strategies, rather than 6. This is because I diversified the equity portion earlier this year, and selected Alpha Tilts, in order to moderate the portfolio risk.
- The expected total real net return (3.99%) is down significantly from what BR assumed two years ago (5.01%) when they last briefed EPA.
- The expected performance assumptions (pg. 6) for equities and bonds are the same for equities as they were two years ago, but the assumed returns for bonds are down 1.75% for both Core Bonds and U.S. Govt bonds.

Please let me know if you have any questions regarding this analysis, or if there is another scenario you would like BR to run.

Dan

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